

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



# Briefly Speaking

B. Sp. No. 3

May 11, 1938



The bill which the President signed is not perfect. Legislation never is any more than this year's model is the last word in automobile perfection; nevertheless, I would say that it is the most constructive farm legislation which Congress has ever adopted. \* \* \*

## **New Farm Act Seeks Balance in Abundance.**

I don't believe the new legislation will enable farmers to attain their full fair share in the national income; but I believe it will help them come closer to doing so than any other type of legislation which has any chance of being adopted at this time. I believe furthermore that it comes closer to getting a fair share of the national income for farmers than any type of legislation which does not embark on policies alien to democracy.

This act could well be called the Agricultural Balance Act because under it will be set in motion the ever-normal granary plan of balanced abundance for consumers and of balanced income for producers. \* \* \*

Four million farmers took part in the Triple-A conservation programs of 1936 and 1937 under these provisions which will continue to be available to all. The supplementary methods for safeguarding income and stabilizing supply now to be available to the producers of cotton, corn, wheat, rice, and tobacco are all carefully related in the act to the program of saving and building soil.

As Secretary of Agriculture it makes me happy to assure the consumers of the United States that the farmers and the Federal Government are now in better position than ever before to protect them against the after effects of drought. Unless we have worse weather than this Nation has ever known, it is not likely that we shall ever again see retail meat prices so high relative to consumers' incomes as during the first 9 months of 1937. \* \* \*

The new legislation recognizes the universal sentiment of the American people to give a break to the small farmer. Payments made under the soil conservation part of the AAA Farm Program are to be increased by from 23 to 40 percent if they go to small farmers, and by from 1 to 23 percent if they go to medium-sized

farmers. This is a first charge against the money that is made available for payments. \* \* \*

The farmers of the Nation now have an opportunity to march along the path of agricultural economic democracy under the banner of abundance. It will be a glorious thing when labor and business can find a similar mechanism which will enable them to march along a similar path having "due regard to the maintenance of a continuous and stable supply" of industrial commodities adequate "to meet consumer demand at prices fair to both producers and consumers."—*Secretary Wallace, February 17, 1938.*

Most people think it's a good idea to lay something aside for a rainy day. In times past, when little more was produced on a farm than would be used there, it was fairly simple to store up part of a crop as insurance against crop failure. \* \* \*

## **Wheat Supply Evened Out by Crop Insurance.**

At least 150 years ago, the idea of crop insurance for farmers was proposed. Private companies tried to insure not only yield, but also price in the same policy. That meant they were insuring income.

This year, Congress satisfied itself that it would be feasible for the Government to sponsor crop insurance for wheat. It set up the Federal Crop Insurance Corporation as an agency of the Department of Agriculture to offer insurance against all unavoidable losses of wheat yields, beginning with the wheat crop of 1939. Premiums will be paid in wheat or its cash equivalent, and losses will be paid in the same way. The size of the premiums will depend on the risk involved in the area where the wheat is grown. In exchange for their premiums wheat growers will be assured of one-half to three-quarters of a crop every year.—*Farm Flashes U. S. D. A., April 20, 1938.*

\* \* \* Real improvements in farm income will have to come from improvements in the purchasing power of consumers.—*H. R. Tolley, Administrator, A. A. A.*

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen and others cooperating in the administration of the AAA programs.



The corn-hog industry of this country is heavily dependent upon export markets \* \* \*. The average annual exports from the United States of pork and pork products in the fiscal years 1925-26 to 1929-30 exceeded 1 billion pounds, whereas imports averaged only 11 million pounds. Even in the depression years 1930-31 to 1933-34 exports of pork and pork products averaged 570,000,000 pounds as compared with imports of 3,100,000 pounds.

Because of the droughts of 1934 and 1936, and the greatly reduced supplies of corn, followed by a marked decline in hog numbers, there has been an increase in imports of pork products during the past two or three years \* \* \*. This increase in imports appears to have been largely a temporary phenomenon. The industry remains fundamentally on an export basis and, with the return of a large corn crop in 1937, which is stimulating an increase in hog production, we shall shortly be faced once more with a serious problem of finding export outlets for our large surplus of pork products \* \* \*. In this connection the pending negotiations with the United Kingdom are of the utmost importance to the corn-hog growers. That country constitutes by far our most important market for pork and lard. In the fiscal year 1929-30 the United Kingdom took 187 million pounds of pork out of total exports amounting to 335 million pounds and 240 million pounds of lard out of total lard exports amounting to 787 million pounds.

Poland also has long provided a substantial outlet for American farm products and has purchased from the United States much more than she has sold to us. Normally the value of cotton alone that we sell to Poland is greater than the total value of all United States imports from Poland. Even in 1937, our imports of tinned ham from Poland were less in value than our exports of cotton to that country. \* \* \* It should be borne in mind in this connection that tinned ham is a high-priced luxury product and would never displace in large measure the less expensive untinned domestic ham.—*Secretary of State Hull in letter to Senator Harrison of Mississippi, March 17, 1938.*

During the first 7 months of the current season, August to February, total exports of American cotton amounted to 4,230,000 running bales, according to data released by the Bureau of the Census. This was an increase of 300,000 bales or 8 percent over exports in the corresponding period a year earlier, but was 26 percent less than the average for the like period in the 10 years ended 1932-33. From August 1 up to the end of

January, domestic exports were about 12 percent above a year earlier, as were exports during the month of January. During February, however, exports dropped to 18 percent below February 1937 and 38 percent below the 10-year average for the month. In the first 22 days of March total shipments to foreign countries were 17 percent less than a year earlier, according to unofficial data, and brought the total from August 1 through March 22 to only 7 percent above the corresponding period in the preceding season.—*The Cotton Situation, U. S. D. A.*

In the long run, consumers do not gain by glutted markets. When markets become glutted, consumers do not buy much more. Most of the excesses are purchased by speculators. True, in some cases consumers pay lower prices for a time, but the reduced prices that growers get are not fully passed on to consumers. Because of the lower prices growers greatly contract production in later years, at which time speculators, already holding large quantities of the commodity, advance price to consumers for speculative profits. The increased cost to consumers during such periods more than offsets the reduced cost at the time the supplies are being accumulated.—*J. B. Hutson, Assistant Administrator, A. A. A. February 25, 1938.*

The export movement of corn from the United States during the current marketing year has been the heaviest since 1928-29 and may exceed exports of any year since 1922-23. From the beginning of the marketing year on October 1, 1937, to the week ending April 9, 1938, nearly 45,000,000 bushels of corn were exported from the United States. This 6-month total is more than the average annual exports of 21,500,000 bushels for the full marketing year during the period 1925-26 to 1929-30. \* \* \*

Corn exports of 44,849,000 bushels during the first 6 months of this marketing year are in sharp contrast to corn imports, during the same period of 1936-37, of 25,000,000 bushels. That was a drought year.—*U. S. D. A. Press Release and Foreign Crops and Markets.*

Practically no beef is canned in the United States because, with respect to the lower grades, a more profitable outlet is found in the form of sausage, and the better grades of domestic beef are used with more profit in the form of fresh meat.—*U. S. D. A. Correspondence.*

#### Cotton Ex-ports Show 7 Percent Gain.

#### Corn Exports at 9-Year High.

## THE AAA PROGRAM PROVIDES ABUNDANCE FOR AMERICAN CONSUMPTION FOR EXPORTS, FOR RESERVES

[Figures in thousands of acres, i. e., 000 omitted]

Crop	United States acreages			Required for domestic use and exports <sup>1</sup>	1938 acreage goals or allotments
	1928-32	1928-37	1937		
All soil-depleting—Planted.....	309, 000	305, 000	307, 500	271, 000	275, 000-290, 000
Harvested.....	295, 000	279, 500	287, 000	258, 000	261, 500-275, 000
Corn—planted.....	104, 270	102, 442	96, 483	<sup>2</sup> 96, 858	<sup>3</sup> 94, 000- 97, 000
Wheat—planted.....	67, 411	69, 339	81, 362	53, 400	<sup>4</sup> 62, 500
Cotton—July 1.....	41, 424	36, 877	34, 383	30, 175	<sup>5</sup> 27, 000- 29, 000
Rice—harvested.....	925	912	1, 093	866	825- 875
Tobacco—harvested.....	1, 872	1, 696	1, 706	1, 500	1, 500- 1, 715

<sup>1</sup> Acreage required to supply 130,000,000 people with per capita consumption of domestically produced food and fiber equivalent to 1920-29, assuming average yields obtained in 1923-32, except for cotton and tobacco where average yields for 1932-36 are used; plus acreage required, assuming the same yields, to provide for exports equivalent to those of 1936-37.

<sup>2</sup> Adjusted for estimated number of grain-consuming animal units on Jan. 1, 1939.

<sup>3</sup> Acreage allotment for commercial corn areas—40,491,279 acres.

<sup>4</sup> Acreage allotment; other figures in this column are goals.

<sup>5</sup> This goal designed to take into account the abnormal world supply of American cotton for 1937-38—24,685,000 running bales.

Based on revisions of estimates appearing in Looking Ahead on Agricultural Policy, issued December 1937.

With present corn supplies 274,000,000 bushels larger than the 10-year average and livestock numbers 12,546,000 less than the 10-year average, it would be easier for Corn Belt farmers to endanger their incomes by planting a large corn acreage this year than in a more normal year.

### Corn Supply Is Large; Livestock Numbers Are Low.

The result of smaller livestock numbers will be nearly 240,000,000 bushels less corn fed to livestock this year than has been fed on the average in the past, and the carry-over will be nearly twice normal size right at the time the 1938 corn crop is harvested.

The General Crop Report for April showed corn stocks on farms on April 1 of 1,067,678,000 bushels as compared with an average of 793,082,000 bushels on farms during the 10 years 1927-36.

The number of grain-consuming animal units on farms on January 1, 1938, was only 121,843,000 as compared with the 10-year average 1927-36 of 134,389,000.

At an average consumption of about 18 to 19 bushels of corn per animal unit, livestock on farms this year will consume nearly 240,000,000 bushels of corn less than the average during the last 10 years.

The corn carry-over expected next October 1 is nearly twice as large as the normal carry-over of 180,000,000 bushels. The only year in the past 15 years when the carry-over has been as large as that expected next October 1 was 1933, when the carry-over from the large crop of 1932 amounted to 386,000,000 bushels. But on January 1, 1933, the number of grain-consuming

animal units on farms was 144,096,000, or more than 22,000,000 greater than the number last January. Thus, corn consumption by livestock is likely to be about 400,000,000 bushels smaller this year than in either 1932 or 1933.—*Claude R. Wickard, Director North Central Division, in A. A. A. Weekly Press Release.*

A complete change has taken place in the wheat situation in the United States as compared with a year ago, says the Bureau of Agricultural Economics. With a surplus of wheat in this country, the United States has returned to its position as a wheat exporter.

### Wheat Exports At 6-Year High; Imports Show Large Decrease.

Preliminary estimates indicate that total exports of wheat and flour from July 1, 1937, to January 31, 1938, amounted to the equivalent of about 50,000,000 bushels of wheat, mainly to Belgium, the Netherlands, and the United Kingdom.

These shipments compare with approximately 12,500,000 bushels exported during the corresponding 7 months of 1936-37 and represent the largest export movement of wheat for that period since 1931-32.

\* \* \*

From July through January a year ago the United States imported for domestic consumption 28,219,000 bushels of wheat. Imports during the first 6 months (July-December) of the current marketing year, however, were only about 600,000 bushels, the Bureau said. \* \* \*—*U. S. D. A. Press Release.*



During the past 4 years, through surplus-removal programs developed by the Agricultural Adjustment Administration and carried out by the Federal Surplus Commodities Corporation, there have been purchased and turned over to State relief agencies more than 2,765,000,000 pounds of foodstuffs. From the standpoint of agriculture, the purpose of these purchases was to improve selling conditions for farmers by diverting surplus supplies of farm products from normal commercial outlets. From a broader point of view, the purpose also included distribution of the surplus commodities to persons on relief and the benefits to them have been inestimable.

A study of the commodities bought and distributed shows that every important type of foodstuff has been included. Meats made available by drought-relief purchases made up the largest item handled by the Corporation during this 4-year period. These meats included fresh and canned beef, smoked and salt pork, canned and fresh veal, and miscellaneous meats—a total of more than 920,000,000 pounds, or about one-third of all the foodstuffs distributed.

Grain products, including flour, cereals, and rice accounted for 450,000,000 pounds of the total, or slightly more than 16 percent.

Vegetables totaled 565,000,000 pounds, or 20 percent of the entire distribution. More pounds of potatoes than of any other vegetable were handled. White and sweet-potatoes together made up nearly 450,000,000 pounds, or 7,500,000 bushels.

About as many fruits as vegetables were bought and distributed. Citrus fruit, both fresh and in the form of canned grapefruit juice, made up one-half of the fruit total. Other fresh fruits, such as apples, were second in importance, while dried fruits, mainly prunes, were the third major fruit item.—*A. A. A. Leaflet MI-2, Stopping Waste in Farm Surpluses.*

The number of bushels of corn produced in the 12 Southern States of Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Texas, and Oklahoma, during the 5 years of the A. A. A. programs has been smaller, although there has been a slight increase over the previous 5 years in corn acreage. \* \* \* These 12 Southern States have about two and one-half times as much corn acreage as Iowa, yet Iowa produces as many bushels of corn as all 12 of these States. \* \* \*

An acre of cotton produces 320 pounds of seed which has a feed value equal to 5.7 bushels of corn. As the average corn yield for the South is 15.3 bushels, the

average cotton grower would have to plant more than an acre of corn for each 3 acres taken out of cotton in order to produce the same livestock feed equivalent. This he has not done. \* \* \*

The southern farmer has been able to increase his home food and feed supply by using much of his acreage taken out of cotton for legumes, Sudan grass, and pastures \* \* \* or by holding it out of production as a permanent conservation measure. \* \* \*

Cottonseed oil, extracted from the seed, competes directly with butter and lard in the form of substitutes for these products. By reducing his cotton acreage the southern cotton farmer has helped improve prices for butter and lard.—*A. A. A. Weekly News Release, 146-8.*

There is at present a high tariff on foreign eggs, on a product-value basis. By Presidential proclamation in 1931, the rate on dried eggs, which are imported chiefly from China, was raised to 27 cents per pound, which is the rate still in force. Egg imports dropped off to a negligible quantity in the fall of 1931, when egg prices decreased coincident with increased tariff rates. In 1935-37, imports again increased as the price spread between New York and Shanghai widened out enough to bring them in over the tariff. In recent years, imports of dried eggs have amounted to a little under 1 percent of United States production. Apparently any effect of imports is so slight that it is not observable in the fluctuations of average prices to American producers.

The net imports per capita of our population were less than one egg apiece in 1934 and 1935 and amounted to about three eggs per person in 1937. Since our total production of eggs in this country is estimated at between 245 and 275 eggs per capita, the import figure is exceedingly small in relation to domestic production.—*Bureau of Agricultural Economics, U. S. D. A., and Division of Marketing, A. A. A.*

In 1927 we exported 2½ million bales of cotton to Germany. Ten years later, in 1937, we exported less than three-fourths of a million bales. Why? Partly, because being led by the drive of economic nationalism to trade on a narrow and preferential bilateral basis, Germany has sought and found new sources of supply in the effort to balance imports with exports; partly, because some of the cotton which she bought 10 years ago is today supplanted by a domestic production of synthetic fibers, regardless of costs, and partly because of reduced total consumption. \* \* \*—*Assistant Secretary of State Sayre, March 17, 1938.*

#### Corn Production in South is Low.

#### Synthetic Fiber Used in Germany.